



# Congressman Cliff Stearns

Serving the Sixth District of Florida

Spring 2009

## WASHINGTON REPORT

UNITED STATES HOUSE OF REPRESENTATIVES

### ✓ **OVERCOMING THE ECONOMIC CRISIS— THE FACTS**

**“In the coming weeks and months, my first priority will be to continue to work to get our economy back on track.”**

— Rep. Cliff Stearns

The current economic crisis demands concerted efforts to restore growth and job creation.

This calls to mind the economic concepts of specialization and comparative advantage. These terms simply mean focusing on the economic activities you do best.

Our nation developed the most productive economy in history and leads the world in innovation and wealth creation.

Our economic strength is built upon free markets, rewarding hard work and creativity, and limiting government intrusion. Adhering to these principles will go far toward developing our future prosperity.

Here are the harsh economic facts. The unemployment rate rose to

8.1% in our nation, and is higher here in Florida at 8.6%. In the most recent quarter (October through December, 2007), the nation's gross domestic product (GDP) dropped by 6.2%.

Last year, Americans lost \$10.2 trillion in wealth, \$6.9 trillion in shareholder values and \$3.3 trillion in home values.

### **What should be done?**

Congress should look into the causes of the financial crisis for fraud and other activities, and prosecute those who acted illegally. The executives, the management, and the rating agencies must be held accountable.

Looking at our economic strengths, the proper course of action is creating permanent jobs; including real, long-lasting tax relief; and providing businesses incentives to expand and generate jobs. On the other hand, the wrong course of action is taxing small businesses and their owners, burying future generations in more debt, and trying to spend and borrow our way back to prosperity.

### ✓ **A PLAN NOT ALLOWED**

I supported a plan that would create more jobs, cost less money, and have a more immediate impact. However, the Leadership in Congress did not allow this plan to come up for a vote.

**This plan proposed:**

### **Immediate Tax Relief for Working Families:**

It proposes reducing the lowest individual tax rates from 15% to 10% and from 10% to 5%. Under the proposal, a married couple filing jointly could save up to \$3,400 a year in taxes. The alternative also ensures that no additional middle-class taxpayers will fall victim to the Alternative Minimum Tax.

### **Help for America's Small Businesses:**

It proposes allowing small businesses to take a tax deduction equal to 20% of their income. This will immediately encourage investment and free up funds for small businesses to hire new employees and create jobs.

### **Assistance for the Unemployed:**

It proposes making unemploy-

ment benefits tax free so that those looking for work can focus on providing for their families.

### **Extension of Unemployment Insurance Benefits:**

The alternative extends through December 2009 the current temporary federal extended unemployment benefits program to help more long-term unemployed workers.

### **Stabilizing Home Values:**

In order to encourage responsible buyers to enter the market and stabilize prices, it proposes a homebuyers credit of \$7,500 for those buyers who make a minimum downpayment of five percent.

### **Expanded Net Operating Losses (NOLs):**

The proposal expands the NOL carryback rules, permitting businesses to carry back their NOL deductions for five years, rather than two. This would provide many previously profitable companies the opportunity to seek immediate refunds of past taxes paid, giving them cash infusions that would help them weather the current economic storm.

### **Bonus Depreciation/Small Business Expensing:**

The alternative extends the favorable depreciation rules contained in the 2008 economic stimulus package, providing businesses, both large and small, enhanced incentives to make critical investments that they might otherwise forgo during these challenging economic times.

### **Repeal of 3% Withholding Requirement for Government Contractors:**

The measure repeals the rule requiring three percent withholding

on certain payments made to taxpayers under contracts with federal, state, and local governments.

### **Health Insurance Deduction:**

The alternative levels the playing field regarding the tax treatment of health insurance by providing a new above-the-line deduction for those Americans who do not receive tax-preferred, employer-sponsored health coverage. This provision would provide a critical tax benefit to Americans who must purchase insurance on their own, regardless of whether they itemize their taxes or take the standard deduction.

### **No Tax Increases to Pay for Spending—Administration's Plan Calls for Deficit Spending and More Bailouts:**

The proposal recognizes that the level of spending in the Administration's trillion-dollar package could result in near-term tax increases on American families and are insisting that any economic package include a provision precluding any tax increases now or in the future to pay for this new spending.

**Instead of these commonsense solutions, the House and Senate approved the Stimulus Act signed by President Obama.** His economic stimulus package will spend \$787 billion (over \$1 trillion with interest added) to create around 3 million jobs—that's over \$260,000 per job! In addition, most of the stimulus funding will go into the economy more than a year from now. That is not immediate relief.

### **✓ THE FINANCIAL SYSTEM**

Bloomberg News reported in February that the federal government has spent, lent, or guaranteed \$12.8 trillion in dealing with the eco-

nomics crisis. This includes \$7.765 trillion by the Federal Reserve, \$2.04 trillion by the Federal Deposit Insurance Corporation, \$2.69 trillion by the Treasury, and \$300 billion by the Department of Housing and Urban Development. I opposed the creation of the Troubled Asset Relief Program (TARP), which so far has spent \$700 billion to shore up the nation's financial institutions. In February, the Congressional Oversight Panel for TARP reported that the U.S. Treasury spent \$254 billion to purchase assets worth \$178 billion—short-changing taxpayers by \$76 billion.

### **Remedies**

Here are several important steps that should be implemented to improve the condition of the financial markets:

- Impose greater transparency on TARP activities and enhance outside oversight.
- Remove executives, board members, and management that ruined firms receiving taxpayer assistance.
- Create stronger conflict-of-interest rules among TARP personnel and the management of troubled firms.
- Ensure that stockholder, management, and executives share in the sacrifice with taxpayer.
- Initiate regulatory and accounting reforms.
- Strengthen the Securities and Exchange Commission (SEC).
- Restructure Fannie Mae and Freddie Mac to put them on the path toward privatization.

- Investigate the rating agencies (such as Standards & Poor's) and develop new rating guidelines.

### ✓ PROVIDING FOR OUR VETERANS

The brave men and women who risk their lives to ensure our freedom have always been a top priority for me in my service to the people of the Sixth District of Florida.



*Stearns at the ground-breaking for the new Regional VA Health Care Facility in Marion County*

I am once again honored to serve as the Deputy Ranking Member of the House Committee on Veterans Affairs this Congress, and I look forward to serving the needs of our veterans both young and old.

The Department of Veterans Affairs faces a variety of obstacles, many of which must be overcome in the next few years.

Two main concerns are about the VA's ability to deliver timely health care benefits to our nation's veterans and the ability of processing their benefits.

Rest assured, I will continue to push hard to ensure all of our veterans are receiving the timely and quality health care and benefits they have earned.

### **Post Traumatic Stress Disorder (PTSD)—Traumatic Brain Injury (TBI)**

Additionally, close attention must be paid to the increasing number of our veterans returning from Iraq and Afghanistan who suffer from TBI and PTSD.

All necessary steps must be taken to remove the stigma associated with these mental health issues so our nation's servicemen and women will feel comfortable reporting behavioral or mental health issues and can seek care from qualified medical personnel.

There also is a need to continue to press for VA infrastructure modernization, as I know there are unmet needs for new hospitals and clinics throughout many parts of Florida.

### **New Patient Bed Tower for Veterans**

It's a pleasure to report progress is being made on the new Bed Tower at the Malcom Randall VA Hospital in Gainesville, FL and the new state-of-the-art Outpatient Clinic in The Villages, FL and I was pleased to be a part of the ground-breaking ceremonies that were held over the summer (June and July 2008).

You will also be interested to know that in light of President Obama's proposal to allow the VA to bill a veteran's private insurance for the care and treatment of a disability or injury that was incurred in the line of duty, I introduced a resolution (H.RES.264) expressing opposition to any proposal intended to alter current law to allow the Department of Veterans Affairs to bill third-party insurers of veterans who are being treated for service-connected disabilities or

injuries. My resolution was welcomed by the American Legion and other national veteran service organizations and enjoys the support of many of my colleagues.

The VA has a mission "to care for him who shall have borne the battle, and for his widow, and his orphan."

In my capacity as a member of the VA Committee and as a veteran myself, I remain committed to holding the VA to its mission and to ensuring all veterans are treated with dignity and are receiving the benefits they have earned both on and off the battlefield.

### ✓ AMERICA'S ENERGY SITUATION

America has the means to increase domestic energy production, and I am working to develop the will to reduce our dependence on imported oil.

Congress should open the Arctic National Wildlife Refuge to environmentally sensitive production, increase offshore drilling, reduce the barriers to build more nuclear power plants, and allow more refineries to be built.

In addition, America possesses about one quarter of the world's coal supply, enough to meet current demand for 250 years, making our nation the "Middle East" of coal. Coal produces 50% of America's electricity and is 33%

**The paper Stearns wrote on coal-to-liquid technology was published in the *Stanford Law & Policy Review* – December 2008.**

**Visit [tiny.cc/StearnsStanford](http://tiny.cc/StearnsStanford) to read the paper.**



cheaper than most other fuels. There is already a workable process that turns coal into a liquid fuel for trucks and automobiles, and clean-coal technologies are reducing the environmental impact of using this fuel.

Here is what President Obama had to say, "This is America. We figured out how to put a man on the moon in 10 years. You can't tell me we can't figure out how to burn coal that we mine right here in the United States of America and make it work."

### **Renewable Energy**

To help reduce our dependence on foreign sources of oil America must develop renewable and alternative fuels as part of a comprehensive energy plan.

As a member of the Renewable Energy and Energy Efficiency Caucus, I am working to increase the use of new fuels and technologies, including renewable energy sources, along with promoting more energy efficiency.

Renewable energy technologies tap into natural cycles and systems, turning the ever-present energy around us into usable forms.

The movement of wind and water, the heat and light of the sun, the heat in the ground, and the carbohydrates in plants are all natural energy sources that can supply our energy needs in a sustainable way. Because they are homegrown, these renewables can also increase our energy security and create local jobs.

It's also important to highlight the positive role nuclear power can play in reducing CO<sub>2</sub> and other greenhouse gas emissions.

Unfortunately, in the discussion of global warming, environmentalists often ignore our number one source of emission-free electricity—nuclear power.

These initiatives combined with energy efficiency measures such as advanced industrial processes and high-efficiency motors, lighting, and appliances have the potential to provide significant reductions in electricity use while saving consumers money in the long run.

### **✓ MEETING AMERICA'S HEALTH NEEDS**

As health care costs continue to rise and small business owners and the self-employed are finding individual health care too expensive, we need real reforms that will provide universal access to health care for all American citizens.



*Rep. Stearns visits a healthcare facility in Clay County.*

In the coming months I will continue to evaluate all proposals and all options as Congress continues to search for viable plans that will provide an affordable, transparent, and responsible health care system for America.

What hard-working Americans don't need is a government-run, one-size-fits-all health care plan in which medical decisions are made by Washington bureaucrats not by doctors.

President Obama has recently reserved \$1.1 billion for Compar-

ative Effectiveness Research (CER) that will begin the process of the federal government evaluating outcomes that could affect the availability of health care in public programs, such as Medicare, and any future government-run health care system.

Others have proposed that a Medicaid-style public option be created and offered as an alternative to private health insurance plans. This is bad public policy that will result in increased crowd out and will force private insurers out of business and many Americans to lose their private health insurance.

An analysis by the Lewin Group found that 118 million Americans will lose their current health care coverage and 130 million Americans will end up on a government-run health care plan if a public Medicaid style option is created and allowed to unfairly compete in the health insurance market.

### **What Should Be Done?**

I favor providing what Members of Congress have in the Federal Employees Health Benefits Program set up with incentives and tax credits for the low-income individuals and families. Also, the public needs health saving accounts (HSAs) and health insurance, which are portable and not tied to a person's employment.

I favor allowing insurers licensed in one state to sell to individuals in the other 49 states creating competition and greater choice which will drive down costs. I supported legislation to do this last year, H.R. 4460, the Health Care Choice Act, and will support it again.

In addition, there is Health Information Technology (HIT) to

make the delivery of care more efficient. Finally, there is medical justice reform that will cap non-economic damages arising from any medical malpractice lawsuits at \$250,000, reducing the cost of providing quality medical care.

## ✓ SENIORS' ISSUES

### **Social Security**

Social Security is one of the largest federal programs with 164 million workers paying into the system and 51 million beneficiaries receiving monthly cash benefits.

At the moment, the amount of tax receipts exceeds the amount of benefits being paid out, and so the balance in the trust fund is growing. The current "best estimate" of the Social Security trustees is that beginning in 2017, the amount of benefits being paid out will exceed tax collections. At that time, the trust fund will have a balance of \$4.7 trillion credited to it. However, since the federal government is spending the Social Security surpluses, it will be \$4.7 trillion owed by the federal government. According to the trustees' best estimate, the trust fund will be exhausted in the year 2041.

Given this reality of the Social Security program, Congress will be very active in ensuring the viability and solvency of the program. Accordingly, Congress will need to institute legislative actions to address the system's projected long-range funding shortfall.

### **Long-term Solution**

This is why I have once again cosponsored The Securing America's Future Economy (SAFE) Commission Act of 2009 (H.R. 1557). The SAFE Commission Act will establish a national bipartisan commission to confront our na-

tion's long-term fiscal crisis by putting all government spending and federal programs on the table for fiscal review.

The future will best be served by continuing to fight for lower spending and greater fiscal responsibility. I have voted against many appropriations bills when they are fiscally irresponsible.

**In April, Stearns received the Friend of the Taxpayers Award from the National Taxpayers Union for a strong record on fiscal responsibility, one of only 39 House members to receive the award.**

The American people should support paying down our national debt and reducing the tax burden on Americans. It's through this type of commitment from our government that will solve this current Social Security dilemma and ensure that our children and grandchildren can attain retirement security.

### **Medicare**

Medicare's sustainable growth rate (SGR) formula on which Medicare reimbursement rates are based was forecast for a 10.6% "negative update" (reduction) in 2008.

However, on July 15, 2008, Congress, with my support, passed the Medicare Improvement for Patients and Providers Act of 2008. This law replaced the scheduled 10.6% cut to the Medicare physician reimbursement rates through 2009 with a 1.1% increase.

While in recent years, Congress has stepped in like this to reverse or freeze SGR cuts; this uncertainty is distressing to physicians, adminis-

trators, and patients alike and, fortunately, this most recent legislation instituted an 18-month "fix" so doctors can better plan for their business and economic future.

Physicians ought to be adequately compensated for their services, especially since they provide important services to one of our most vulnerable populations—Seniors. Obviously, such legislative action is a temporary "fix" to a permanent, flawed formula. As a member of the Committee on Energy & Commerce, which oversees Medicare Part B, please be assured that I will evaluate alternative physician payment systems. Americans can be confident that Congress will act to address this critical issue for our nations doctors and Medicare beneficiaries.

## ✓ PROGRESS IN IRAQ

The Department of Defense reports that overall violence in Iraq is down 65 percent from 2007 levels. In February, President Obama announced that all U.S. combat brigades would be brought home by August 31, 2010.



*Rep. Stearns talks with U.S. troops during a visit to Balad, Iraq.*

This would leave 35,000 to 50,000 U.S. troops for training and advising Iraqi security forces. This drawdown reflects the views of U.S. commanders in the field who still see a need for a reduced American role in Iraq to produce a unified, democratic Iraq.



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## Congressman Cliff Stearns WASHINGTON REPORT

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### 6 Congressman Cliff Stearns

### WASHINGTON REPORT

The first major assessment of the surge was testimony of General Petraeus on September 10 and 11, 2007, in which he said “As a bottom line up front, the military objectives of the surge are, in large measure, being met.”

In testimony on April 8–9, 2008, General Petraeus reported further progress. The Defense Department “Measuring Stability” Report of December 2008 reports that many insurgents have ended their activity. However, some suicide bombings and other attacks continue, reportedly in cooperation with Al Qaeda in Iraq.

Then-CIA Director Michael Hayden said on November 13, 2008, that Iraq is no longer the “central front” in the U.S. war on terrorism because the flow of money, weapons, and foreign fighters into Iraq is greatly diminished from previous levels.

#### ✓ AFGHANISTAN

The NATO-led International Security Assistance Force (ISAF) faces some formidable obstacles: shoring up a weak government in

Kabul; using military capabilities in a distant country with rugged terrain; and rebuilding a country devastated by war and troubled by a resilient narcotics trade.

Over the past two years, Taliban attacks have increased in scope and number, and Taliban fighters have adopted some of the tactics, such as roadside bombs and suicide attacks, used by insurgents in Iraq. In addition to increased insurgent activity, terrorist violence has increased since 2008.

The United States has roughly 38,000 forces in Afghanistan with another 32,000 deployed by NATO allies. President Obama announced an additional deployment of 17,000 troops, which are to begin arriving in late spring.

The NATO mission statement lays out the essential elements of the task of stabilizing and rebuilding the country: train the Afghan army, police, and judiciary; support the government in counter-narcotics efforts; develop a market infrastructure; and suppress the Taliban.

#### ✓ SERVING YOU

I have held 528 town meetings throughout the district and also conduct town meetings over the telephone and regularly meet with constituents in Washington as well as the three district offices.

It is imperative to maintain an open dialogue, so please come to these town meetings, or you can also call or write to share your thoughts. Working for you is the top priority.

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